

1. See, Petition of Vermont Transco, LLC, for Authority to issue up to \$150 million in Class A and Class B Units of Equity, Docket No. 7310.

consistent with the general good of the state. The funds provided by the issuance would be used to acquire additional equity units in Vermont Transco. As with previous investments in Vermont Transco, GMP will apply the net earnings from these investments as a credit to operating expenses. Such a credit would, in turn, result in lower retail rates than would otherwise be the case. Thus, I recommend that the Board approve GMP's petition and issue an order to that effect without hearings or further investigation.

II. FINDINGS

Based in the record evidence, I hereby report the following findings of fact in accordance with 30 V.S.A. §8.

1. Green Mountain Power Corporation is a company as defined by 30 V.S.A. § 201, and is subject to the jurisdiction of the Board pursuant to 30 V.S.A. § 203. Petition at 1.

2. GMP proposes to issue long-term debt securities in the maximum amount of \$16 million. Bugbee pf. at 2-3.

3. The Bonds would be issued, by means of a private placement, under the Company's Indenture and, together with the Company's other first mortgage bonds, would be secured under the terms of the Indenture by a first lien on substantially all of the Company's utility property. Bugbee pf. at 3.

4. Proceeds from the proposed debt issuance will be used to increase GMP's investment in Vermont Transco. Bugbee pf. at 2.

5. The term and interest rate for the Bonds has not yet been established. GMP anticipates that the term will be between 10 and 30 years and, based on current market interest rates, the interest rate will be approximately 6.3%. Bugbee pf. at 3.

6. GMP expects to increase its investment in Vermont Transco by approximately \$32 million in 2007. Of the total amount that is expected to be invested in Vermont Transco, GMP plans to issue \$16 million in debt securities and expects a capital contribution of \$16 million from NNEEC, its parent company. Bugbee pf. at 2.

7. The proposed transactions will have no adverse impact on the Company's liquidity. GMP expects to maintain healthy liquidity levels, with available borrowings more than sufficient

to satisfy the Company's needs, at all times before, during and after the completion of the proposed transactions. Bugbee pf. at 7.

8. Net earnings from GMP's investment in Vermont Transco will be applied as a credit to operating expenses resulting in lower retail electric rates than would otherwise be the case. Exh. GMP - 1.

9. The issuance of the proposed debt securities, as proposed, is consistent with the Vermont Twenty-Year plan, pursuant to 30 V.S.A. §202(f). Department Letter of August 27, 2007.

III. CONCLUSION

Based on the evidence, I find that GMP's request to issue First Mortgage Bonds in the amount of \$16 million is consistent with the general good of the state. Proceeds from the debt issuance would be used to acquire additional equity units in Vermont Transco. The earnings from this investment would then be used by the Company as an offset to operating expenses and would, therefore, result in lower retail rates than would otherwise be the case. Thus, I recommend that the Board consent to the issuance of the proposed debt issuance without hearings or further investigation. It bears noting that my recommendation does not constitute approval of any particular capital or operating expenditure nor the underlying capital structure that GMP may implement. Nothing in this recommendation shall preclude the Department or any other party, or the Board, from reviewing and/or challenging those expenditures and/or the Company's resulting capital structure in any future proceeding.

Opportunity to File Exceptions and Present Arguments

On October 3, 2007, GMP and the Department separately filed letters waiving their rights and opportunities for a hearing and to comment on the Proposal for Decision under 3 V.S.A. § 811.

Dated at Montpelier, Vermont, this 11th day of October, 2007.

s/Thomas S. Lyle
Thomas S. Lyle
Hearing Officer

IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The Findings, Conclusion and recommendations of the Hearing Officer are adopted.
2. Green Mountain Power Corporation's request to issue debt securities in an amount that is not to exceed \$16 million is consistent with the general good of the state.
3. This Order does not constitute approval of any particular capital or operating expenditure nor the underlying capital structure that Green Mountain Power Corporation may implement. Nothing in this approval shall preclude the Department or any other party, or the Board, from reviewing and/or challenging those expenditures and/or the Company's resulting capital structure in any future proceeding.
4. GMP shall provide the Board and the Department with a complete set of final executed documents when they are available.

Dated at Montpelier, Vermont, this 11th day of October, 2007.

<u>s/James Volz</u>)	
)	
)	PUBLIC SERVICE
<u>s/David C. Coen</u>)	
)	BOARD
)	
)	OF VERMONT
<u>s/John D. Burke</u>)	

OFFICE OF THE CLERK

FILED: October 11, 2007

ATTEST: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.